

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**October 18, 2005**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

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**MEMBERS ATTENDING:** Leonard W. Jones, CPA, President; Arthur M. Winstead, Jr., CPA, Vice President; Jordan C. Harris, Jr., Secretary-Treasurer; Norwood G. Clark, Jr., CPA; Tyrone Y. Cox, CPA; Thurman L. Gause; and Michael C. Jordan, CPA.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

**GUESTS:** James T. Ahler, Executive Director, NCACPA; Robert W. Taylor, CPA, President, NCAPA; Frederick W. Niswander, CPA, President-Elect, NCACPA; William, E. Self, CPA; Tom Chenoweth, CPA, Highland Publishing Company; and Curt Lee, Past President, NCSA.

**CALL TO ORDER:** President Jones called the meeting to order at 1:04 p.m.

**MINUTES:** The minutes of the September 19, 2005, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The financial statements for September 2005 were accepted as submitted.

**LEGISLATIVE AND RULE-MAKING ITEMS:** Messrs. Harris and Jordan moved to approve the following rules as published for the September 19, 2005, public rule-making hearing:

21 NCAC 8A .0308	21 NCAC 8H .0105
21 NCAC 8A .0311	21 NCAC 8M .0106
21 NCAC 8F .0103	21 NCAC 8N .0103
21 NCAC 8F .0106	21 NCAC 8N .0204
21 NCAC 8F .0107	21 NCAC 8N .0208
21 NCAC 8F .0110	21 NCAC 8N .0213
21 NCAC 8F .0112	21 NCAC 8N .0304
21 NCAC 8F .0401	21 NCAC 8N .0307
21 NCAC 8F .0409	21 NCAC 8N .0308
21 NCAC 8F .0410	21 NCAC 8N .0408
21 NCAC 8H .0101	

Motion passed (Appendix I).

Messrs. Jordan and Harris moved to approve 21 NCAC 8A .0301 as amended. Motion passed (Appendix I).

Messrs. Harris and Winstead move to approve 21 NCAC 8F .0105 as amended. Motion passed (Appendix I).

Messrs. Harris and Gause moved to approve 21 NCAC 8F .0304 as amended. Motion passed (Appendix I).

Messrs. Harris and Gause moved to approve 21 NCAC 8G .0410 as amended. Motion passed (Appendix I).

Messrs. Winstead and Clark moved to approve 21 NCAC 8M .0105 as amended. Motion passed (Appendix I).

Messrs. Winstead and Jordan moved to approve 21 NCAC 8N .0214 as amended. Messrs. Cox and Clark moved to amend the motion. Motion failed with two (2) affirmative votes and five (5) negative votes. Messrs. Jones and Winstead moved to approve 21 NCAC 8N .0214 as amended. Motion passed with five (5) affirmative votes and two (2) negative votes (Appendix I).

Messrs. Gause and Harris moved to approve 21 NCAC 8N .0302 as amended. Motion passed. Messrs. Cox and Winstead made a motion to reconsider the vote. Motion passed with four (4) affirmative votes and three (3) negative votes. Messrs. Cox and Jones moved to approve 21 NCAC 8N .0302 as amended. Motion passed with six (6) affirmative and one (1) negative vote (Appendix I).

Messrs. Harris and Cox moved to approve 21 NCAC 8N .0303 as amended. Motion passed (Appendix I).

Messrs. Clark and Jordan moved to approve 21 NCAC 8N .0305 as amended. Motion passed (Appendix I).

Messrs. Cox and Winstead moved to approve 21 NCAC 8N .0401 as amended. Motion passed (Appendix I).

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Winstead moved and the Board approved the following recommendations of the Committee:

200507UT-040 - Close the UT without prejudice.

9811-100 - Withdraw the Notice of Hearing approved by the Board on August 22, 2005.

200505 034 - Approve a Notice of Hearing for December 19, 2005, at 10:00 a.m.

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:**

Mr. Gause moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The following were approved:

Vanessa Anne Brunn  
Virginia L. McGraw

Richard Maughan Robinson

**Original Certificate Applications** - The following were approved:

Joel Shannon Ayers  
Matthew Barnette  
Carolyn Elizabeth Billick  
Jason Gary Brasile  
Vanessa Anne Brunn  
Donna Juanita Byars  
Herman Chen  
Carlos Enrique Choren  
Nathan Alden Chrisawn  
Latrice Catherine Smith Collins  
Randy Douglas Crump  
Rebecca Allison Dean  
Catherine Smoot Eason  
John Clyde Ellis  
Sara Martin Ficken  
Daniel Clay Gibbs  
Kimberly Ann Girdwood  
Jason Michael Glover  
Cori Ann Hansen  
Miranda Leanne Harmon  
David Kent Hill  
Paige Alyson Hudson

Timothy Allen Johnson  
William Edward Johnson  
Theodore James Karr  
John Anthony Lovato Jr.  
Virginia L. McGraw  
Joshua Todd Munsey  
Scott Robert Nelson  
Amy Hall Novinc  
Biri Adwoa Oguah  
Matthew David Parkhill  
Casey Harrington Patterson  
Christa Mullis Robinson  
Richard Maughan Robinson  
Eric Allen Rumberger  
Christopher John Schneider  
Christopher Matthew Shetzline  
Joanne Marie Simon  
James Linton Starling  
Ronald Keith Stokes  
Scott I. Taylor  
Gregory Huston Turlington  
Rebecca C. White

**Reciprocal Certificate Applications** - The following were approved:

Michael Paul Abasciano  
Paulus Irwan Asali  
Darren L. Brady  
Amy Lea Branyon  
Elizabeth Ann Brown  
Michele Diane Burderi  
Jonathan Bartholomew Campbell  
Audrey M. Carter  
Laurence J. Casper  
Edward Cho

Patrick Brennan Gilbert  
Daniel Lee Goldberger  
Shelly A. Hanna  
Lewis John Harris Jr.  
Ann E. Hazinski  
Jennifer L. Heater  
Lauren B. Hoyle  
Diane Ennis Hueston  
Ronald Arthur Jordan  
Robert L. Jorgensen

Jeffrey Howard Kaiser  
Stuart Bryan Lockerbie  
Jesse Clements Lodge III  
Swati Mehta  
Daryl Daniel Mennen  
Carroll E. Miller  
Patrick Ambayi Mutongi  
Vassilena Nikolov  
Bret N. Pacheco  
Lisa Diane Pereira  
Diane Michelle Porath  
Anthony J. Priore  
William Eric Richardson

Emily Ann Ruschau  
Donald Rudolph Schroeder  
Kevin Thomas Sheehan  
John O. Skelton  
Beth Ann Sorrentino  
Stephen Michael Stillitano  
Claudia A. Straw  
Danielle J. Sweeney-Alisesky  
Clint Syvinski  
W. Alan Terry  
Lanny Michael Walters  
Kelley Jo Zastrow

**Temporary Permits** - The following temporary permits were approved by the Executive Director and ratified by the Board:

Michael Paul Abasciano T03340  
Carissa Ann Sunga Borra T03341  
Adam P. Elmore T03342  
Robert Joseph Glair T03343  
Thomas Hamilton Lewis VI T03344  
Christopher L. Lynch T03345  
Patrick Ambayi Mutongi T03346  
Michael Anthony Patrick T03347  
Sarah Diane Pell T03348  
Diane Michelle Porath T03349  
Brian Joseph Schepperley T03350  
W. Alan Terry T03351  
Brenda Elizabeth Walton T03352  
James M. Wood II T03353  
Yi Zhang T03354

Jean R. Broadway T03355  
Kyle Robert Burkey T03356  
Steven Lance Dixon T03357  
Sieglinde Christiane Hefele T03358  
Christopher Selden Humphreys T03359  
Edwin J. Jaklitsch T03360  
Walter D. Leaver T03361  
Theresa Rose McCutcheon T03362  
Diane W. Michot T03363  
Camille M. Moeckel T03364  
Toni Sheray Rogers T03365  
Karen Jean Schrimper T03366  
Michael John Smith T03367  
Dennis W. Wesney T03368

**Reinstatements** - The following were approved:

Billie Goodman Ausdenmoore #25953  
Kenneth Ray Carpenter #26800  
Nia Ricks Davenport #24894  
Marjorie Clark Fickling #26414  
Gary Leonard German #8814

Sandra B. Jones #23191  
Robin Michelle Reinhard #30161  
Jean L. Smith #18085  
Misty Dawn Watson #27034

**Reissuance of New Certificate** - An application for reissuance of new certificate and consent agreement submitted by was approved.

Melissa McDowell Wright #26521

**Firm Registrations** - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

PEARL WILSON BASSARD, CPA, PLLC  
Kyle R. Burkey CPA, Inc.  
Matthew S. Hewes, CPA, PLLC

ROSE & EARP, CPAS, LLP  
John R. Wobbleton, P.A.

**CPE Sponsors** - Staff recommended removing Progress Energy from the CPE sponsor register for continued failure to comply with 21 NCAC 8G .0403(d)(3) and failure to meet the 30-day notice requirement. The Committee approved staff recommendation.

The Committee reviewed and Messrs. Clark and Winstead moved to approve the ethics course, "Ethics CPE for NC CPAs," submitted by the UNC-Charlotte Department of Accounting and the ethics course, "Professional Ethics and Conduct for NC CPAs," submitted by Pittard, Perry, & Crone, Inc., and to disapprove the ethics course, "General Ethics and Your Practice," submitted by Collins, Boike, & Moore, PA, and the ethics course, "Professional Ethics and Conduct," submitted by Scharf, Pera, & Co., PLLC. Motion passed with six (6) affirmative votes and zero (0) negative votes. Mr. Jordan did not participate in the discussion of this matter nor did he vote on this matter.

**Conditional Licenses** - Staff reviewed and recommended approval of the request to rescind the conditional license awarded to Josie Crowe McDonald (#30054). The Committee approved staff recommendation.

Staff has reviewed and recommended disapproval of a request submitted by Roy Taylor Lilley (#13230). Mr. Lilley was placed on conditional status effective September 19, 2005, pursuant to 21 NCAC 8G .0406(b)(1) because he reported 2004 CPE taken between January 1 and June 30, 2005, without an approved extension. Mr. Lilley has requested that his name not be published in the Board's newsletter. The Committee disapproved his request.

**Information item** - Civil penalties were waived for a second year in a row for first conditionals as per staff's understanding of the Board's wishes due to the large number of enforcement cases that would be required to be opened.

**Information item** - Staff reported to the Committee that the CPE Audit is almost complete with these results:

234 Clean Opinions  
8 Modified carryforward  
7 Licensees went Inactive  
1 Missing Audit Report being followed up on now  
250

**Examinations** - The Committee reviewed and approved the following staff-approved applicants to sit for the Uniform CPA Examination:

Olusola Adebanks Abisuga  
Robert Curtis Acuff  
Teresa Anne Almond  
Hollie Demetria Ardoin  
Evan Christopher Balafas  
Robert Louis Ball Jr  
Julie Ann Barefoot  
Julie Kristen Bee  
Donnie Lee Berry  
Eric Brockman Bland  
Gary Lee Bode  
Carrie Ann Bogart  
Garrett Dwight Bolden  
Christiana Judith Bondi  
Richard Douglas Bray Jr  
Terri Elizabeth Brinkley  
Colleen Kelly Brophy  
Bonnie Jean Brown  
Leigh Michaux Bullin  
Misty Dawn Buonsignore  
Amy Lynn Butler  
Karen Lea Byrd  
Kimberly Lynn Byrd  
Stacey Lynn Byrum  
Krista Grace Cahoon  
Jeffrey Gene Campbell  
Marcus W. Canady  
Jocelyn Mounce Carter  
Ronald Clifton Carter Jr  
Jackie Roberts Casey  
Vivien Wei Chang  
Rebecca Jane Cole  
Hope Dare Colon  
Christina Shields Cook  
Anthony P. Coston  
Heather Elizabeth Cotter  
Bradley William Cox  
Kristen White Cox  
Brian Michael Crossland  
Ian Oluwatoyin Davies  
Leroy Davis Jr  
Alfred Gilchrist Dawson Jr

Patrick Keith Donegan  
Jennie Leigh Doss  
Julie L. Duriga  
Nancy Anne Dusanenko  
Bridgett Anne Earnhardt  
Jennifer Lynn Eckard  
Bradford Allen Eggleston  
Charles Taylor Elks  
Danielle Lew Etheridge  
Jennifer Elizabeth Fairweather  
Michael Scott Fedyshyn  
David Luis Fernandez  
Amy Lynn Ford  
Allison Hannah Franklin  
Daniel Richard Fusaiotti  
Mark Alexander Gabriel  
Ginger Scheitzer Gaines  
Charles Oliver Gallop  
Paige Etheridge Gee  
Linda Joyce Grabe  
Kristin Marie Grabofski  
Diane Kathleen Grabowski  
Ivar Reinhart Gram II  
Kristy Michelle Greer  
Brandon Dee Guzman  
Jerry Lee Hanes Jr  
Richard Dan Hardy  
Helen Marie Harper  
Brennan Michael Hay  
Christopher W. Hazelwood  
Gary Alan Hiatt  
Allison Buchanan Hicks  
Olivia Kaye Hill  
Matt Christopher Hinnant  
Katherine Leigh Hoskins  
Travis Lee Hudgens  
Brandon Lee Hughes  
Michael Blair Hughes  
Jeffrey Ronald Hunt  
Kenneth Richard Ickes  
Matthew Ryan Jackson  
Garrett Smith Jernigan

Danielle Smith Job  
George Nick Johnson  
James Antwoinne Johnson  
Lori Cline Johnson  
Justin Warren Jones  
Tia Lawrence Keith  
Robert Morgan Kershner  
James Andrew Killpack  
Gene Sejin Kim  
Gerald Michael Kinlaw  
Jennifer Nicole Kinlaw  
Jon Wesley Lancaster  
Allen Roy Landel II  
George Nicholas Lane  
Kelly Wozniak Lange  
Anna Virginia Lavelle  
Danna Jane Layne  
David Leon Lentz  
Matthew Brandon Leonard  
Dana Hope Leung  
Jennifer Wan Leung  
Betsey Pei Yun Lin  
Lauren Lee Lovelace  
Jessica May Lucas  
Libby Marie Luke  
Kirk Lyndsay Mangum  
Tiffany Monique Mayers  
Alan Layne McIntyre  
David Lee McPherson  
Nancy Elizabeth McRee  
Cassandra McSwain  
Emily Helms Mills  
Christine Collum Monteith  
Julie Elizabeth Morgan  
Mary Diane Morrison  
Shirley Louise Morton  
Amanda Dawn Musgrove  
Deidre Paige Myers  
Audrea Russo Norris  
Todd Williams Nunn  
Lori Michelle Oldham  
Jagruti H. Patel  
Shilpa Girishbhai Patel  
Erin Elizabeth Perry  
Matthew S. Perry

Richard Steven Pfeffer  
Candice Irene Phillips  
Jennifer Ann Pittman  
Simona Chira Pleasant  
Debra Jackson Pope-Lewis  
Rhea Renee Prange  
Meiling Qu  
Kevin Edward Quinn  
Michael Josephs Raburn  
Gwendolyn McMillian Reilly  
Robert Hathaway Rhodes II  
Timothy Everett Riddell  
Cassandra Davis Robinson  
Elizabeth Ann Roche  
Christopher Robbin Rogers  
John Michael Rosal  
Theodore Rucker III  
Ryan David Satterfield  
Steven Scott Saunders  
Alissa Elizabeth Shah  
Chetan Yajaman Shankar  
Megan Marie Shealy  
Jason Michael Shepherd  
Laura Hagel Shepherd  
Tameeka Monique Shorter  
John J. Siemon  
Harriett Sharmaine Siler  
Evan Spencer Smith  
Molly Beth Smothers  
Timothy Abbitt Snead  
Donna Marie Sofsky  
Elizabeth Eakins St.Clair  
Marie Brasington Starnes  
Justin Alan Stiles  
Matthew R. Stuart  
Joshua Thomas Sullivan  
Ashley Carol Sutton  
Jane Elizabeth Tankersley  
Nathanael Jackson Tarwasokono  
Julie Lynne Theberge  
Donna Gibson Thomas  
Stephanie Ann Thomas  
Ricky Samuel Thompson  
Eva Ling Tien  
Polly Elaine Trinks

Julia Fort Tripp  
Brandy Garrell Turbeville  
Joshua Ray Turbeville  
William Michael Utt  
Karin Hite Ventura  
Marvin Grey Vick  
Anjali Vyas  
Elizabeth Carol Wade  
James Warren Wallace  
Kimberly Shivonne Washington  
Jeffrey Steven Weegar  
Joseph Edward Wellborn  
Erin Marie Nelson Wheeler  
Tanya Rene Wheeler  
Joseph Dorson White III

Susan Smith Whitfield  
Janet Lyn Whitley  
Shannon Teah Willert  
Amber Monahan Williams  
Ja'Kim Katreice Williams  
Kimberly Leigh Williams  
Jacqueline Evette Wilson  
Jason Lee Wilson  
Randall Adam Wilson  
Jack Roland Yancey  
Kristen Selvey Yancey  
Tiffany Allyson Yokeley  
Tina Marie Young  
Zi Zhuang  
Anne Marie Ziegelmeyer

The Committee determined and accepted the grades received for the July - September 2005 exams.

**CLOSED SESSION:** Messrs. Jordan and Harris moved to enter Closed Session to discuss legal matters with the Executive Staff and Legal Counsel. Motion passed.

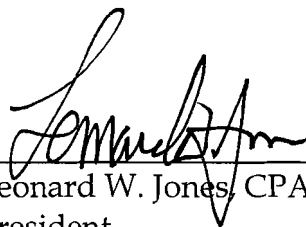
**PUBLIC SESSION:** Messrs. Cox and Winstead moved to re-enter Public Session to continue with the Agenda. Motion passed.

**ADJOURNMENT:** Messrs. Winstead and Clark moved to adjourn the meeting at 4:35 p.m. Motion passed.

Respectfully submitted:

Attested to by:

  
\_\_\_\_\_  
Robert N. Brooks  
Executive Director

  
\_\_\_\_\_  
Leonard W. Jones, CPA  
President



21 NCAC 08A .0301, is amended as published in 20:04, pages 205-207, with changes, as follows:

### .0301 DEFINITIONS

(a) The definitions set out in G.S. 93-1(a) shall apply when those defined terms are used in 21 NCAC 8.

(b) In addition to the definitions set out in G.S. 93-1(a), the following definitions and other definitions in this Section apply when these terms are used in 21 NCAC 8:

(1) "Active," when used to refer to the status of a person, describes a person who possesses a North Carolina certificate of qualification and who has not otherwise been granted "Retired," "Inactive," or "Conditional" status;

(2) ~~"Agreed upon procedure" means a client has engaged a CPA to issue a report of findings based on specific procedures performed on specific subject matter of specified elements, accounts, or accounting information that is part of but significantly less than a financial statement;~~ "Agreed upon [REDACTED] procedures" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on [REDACTED] financial information [REDACTED] prepared by a responsible party.

(3) ~~[REDACTED]~~ "AICPA" means the American Institute of Certified Public Accountants;

(4) ~~[REDACTED]~~ "Applicant" means a person who has applied to take the CPA examination; examination or applied for a certificate of qualification;

(5) ~~[REDACTED]~~ "Attest service" ~~service or assurance service~~ means:

(A) any ~~audit~~ audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, and Public Company Accounting Oversight Board Auditing Standards;

(B) any review ~~of a financial statement;~~ or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;

(C) any compilation ~~of a financial statement~~ when the CPA expects, or reasonably might expect, that a third party will use the compilation and the CPA does not disclose a lack of independence; ~~or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;~~ or

(D) any ~~examination of prospective financial information;~~ or [REDACTED] agreed upon procedure or engagement to be performed in accordance with the Statements

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**.0301 DEFINITIONS**

(a) The definitions set out in G.S. 93-1(a) shall apply when those defined terms are used in 21 NCAC 8.

(b) In addition to the definitions set out in G.S. 93-1(a), the following definitions and other definitions in this Section apply when these terms are used in 21 NCAC 8:

(1) "Active," when used to refer to the status of a person, describes a person who possesses a North Carolina certificate of qualification and who has not otherwise been granted "Retired," "Inactive," or "Conditional" status;

(2) ~~"Agreed-upon procedure" means a client has engaged a CPA to issue a report of findings based on specific procedures performed on specific subject matter of specified elements, accounts, or accounting information that is part of but significantly less than a financial statement;~~ "Agreed upon [REDACTED] procedures" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on [REDACTED] financial information [REDACTED] prepared by a responsible party.

(3) ~~[REDACTED]~~ "AICPA" means the American Institute of Certified Public Accountants;

(4) ~~[REDACTED]~~ "Applicant" means a person who has applied to take the CPA examination; examination or applied for a certificate of qualification;

(5) ~~[REDACTED]~~ "Attest service" ~~service or assurance service~~ means:

(A) ~~any audit; audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, and Public Company Accounting Oversight Board Auditing Standards;~~

(B) ~~any review of a financial statement; [REDACTED] or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;~~

(C) ~~any compilation of a financial statement [REDACTED] when the CPA expects, or reasonably might expect, that a third party will use the compilation and the CPA does not disclose a lack of independence; or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services; or~~

(D) ~~any examination of prospective financial information; or [REDACTED] agreed-upon procedure or engagement to be performed in accordance with the Statements~~

1	on Standards for Attestation Engagements	
2	any agreed upon procedure;	
3		
4		
5		
6		
7	"Audit" means an examination of financial statements of a person by a CPA;	(6)
8	conducted in accordance with generally accepted auditing standards, to determine	
9	whether, in the CPA's opinion, the statements conform with generally accepted	
10	accounting principles or, if applicable, with another comprehensive basis of	
11	accounting; "Audit" means a professional service whereby a CPA is engaged to	
12	examine financial statements, items, accounts, or elements of a financial statement	
13	prepared by management to express an opinion on whether the financial	
14	statements, items, accounts, or elements of a financial statement are presented in	
15	conformity with generally accepted accounting principles or other comprehensive	
16	basis of accounting.	
17	"Calendar year" means the 12 months beginning January 1 and ending December 31;	(7)
18	"Candidate" means a person whose application to take the CPA examination has	(8)
19	been accepted and who may sit for the CPA examination;	
20	"Client" means a person who orally or in writing agrees with a licensee to receive any	(9)
21	professional services;	
22	"Commission" means compensation, except a referral fee, for recommending or	(10)
23	referring any product or service to be supplied by another person;	
24	"Compilation of a financial statement" means presenting in the form of a financial	(11)
25	statement information that is the representation of any other person without the	
26	CPA's undertaking to express any assurance on the statement; "Compilation"	
27	means a professional service whereby a CPA is engaged to present, in the form of	
28	financial statements, information that is the representation of management without	
29	undertaking to express any assurance on the statements.	
30		
31		
32	"Conditional," when used to refer to the status of a person, describes a person who	(12)
33	holds a North Carolina certificate of qualification under certain conditions as	
34	imposed by the Board, such as additional requirements for failure to complete the	
35	required CPE hours in a calendar year, year, for failure to comply with CPA firm	

1 registration, or for failure to comply with peer review reporting and or participation  
2 in peer review.

3 (13) "Contingent fee" means a fee established for the performance of any service pursuant  
4 to an arrangement in which no fee will be charged unless a specified finding or result  
5 is attained, or in which the amount of the fee is otherwise dependent upon the  
6 finding or result of such service;

7 (14) "CPA" means certified public accountant;

8 (15) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a  
9 professional limited liability company, or a registered limited liability partnership  
10 which uses "certified public accountant(s) " or "CPA(s) " in or with its name or offers  
11 to or renders any attest services in the public practice of accountancy;

12 (16) "CPE" means continuing professional education;

13 (17) "Disciplinary action" means revocation or suspension of, or refusal to grant,  
14 membership, or the imposition of a reprimand, probation, constructive comment, or  
15 any other penalty or condition;

16 (18) ~~"Examination of prospective financial information" means an evaluation by a CPA of:~~

17 ~~(A) a forecast or projection,~~

18 ~~(B) the support underlying the assumptions in the forecast or projection,~~

19 ~~(C) whether the presentation of the forecast or projection is in conformity with~~  
20 ~~AICPA presentation guideline; or~~

21 ~~(D) whether the assumptions in the forecast or projection provide a reasonable~~  
22 ~~basis for the forecast or projection;~~

23  
24  
25 (19) (18) "FASB" means the Financial Accounting Standards Board;

26 (20) (19) "Forecast" means prospective financial statements that present, to the best of the  
27 responsible party's knowledge and belief, an entity's expected financial position,  
28 results of operations, and changes in financial position or cash flows that are based  
29 on the responsible party's assumptions reflecting conditions the entity expects to  
30 exist and the course of action the entity expects to take;

31 (21) (20) "GASB" means the Governmental Accounting Standards Board;

32 (22) (21) "Inactive," when used to refer to the status of a person, describes one who has  
33 requested inactive status and been approved by the Board and who does not use the  
34 title "certified public accountant" nor does he or she allow anyone to refer to him or  
35 her as a "certified public accountant," and neither he or she nor anyone else refers to

1 him or her in any representation as described in 21 NCAC 8A .0308(b).

2 (23) (22) "IRS" means the Internal Revenue Service;

3 (24) (23) "Jurisdiction" means any state or territory of the United States or the District of  
4 Columbia;

5 (25) (24) "License year" means the 12 months beginning July 1 and ending June 30;

6 (26) (25) "Member of a CPA firm" means any CPA who has an equity ownership interest in a  
7 CPA firm;

8 (27) (26) "NASBA" means the National Association of State Boards of Accountancy;

9 (28) (27) "NCACPA" means the North Carolina Association of Certified Public Accountants;

10 (29) (28) "North Carolina office" means any office physically located in North Carolina;

11 (30) (29) "Person" means any natural person, corporation, partnership, professional limited  
12 liability company, registered limited liability partnership, unincorporated  
13 association, or other entity;

14 (31) (30) "Professional" means arising out of or related to the particular knowledge or skills  
15 associated with CPAs;

16 (32) (31) "Projection" means prospective financial statements that present, to the best of the  
17 responsible party's knowledge and belief, given one or more hypothetical  
18 assumptions, an entity's expected financial position, results of operations, and  
19 changes in financial position or cash flows that are based on the responsible party's  
20 assumptions reflecting conditions it expects would exist and the course of action it  
21 expects would be taken given such hypothetical assumptions;

22 (33) (32) "Referral fee" means compensation for recommending or referring any service of a  
23 CPA to any person;

24 (34) (33) "Retired," when used to refer to the status of a person, describes one possessing a  
25 North Carolina certificate of qualification who verifies to the Board that the applicant  
26 does not receive or intend to receive in the future any earned compensation for  
27 current personal services in any job whatsoever and will not return to active status.  
28 However, retired status does not preclude volunteer services for which the retired  
29 CPA receives no direct nor indirect compensation so long as the retired CPA does  
30 not sign any documents, related to such services, as a CPA;

31 (35) (34) "Revenue Department" means the North Carolina Department of Revenue;

32 (36) (35) "Review" means to perform an inquiry and analytical procedures that permit a CPA  
33 to determine whether there is a reasonable basis for expressing limited assurance that  
34 there are no material modifications that should be made to financial statements in  
35 order for them to be in conformity with generally accepted accounting principles or,

1 if applicable, with another comprehensive basis of accounting; ~~Review~~ means  
2 a professional service whereby a CPA is engaged to perform procedures, limited to  
3 analytical procedures and inquiries, to obtain a reasonable basis for expressing  
4 limited assurance on whether any material modifications should be made to the  
5 financial statements for them to be in conformity with generally accepted accounting  
6 principles or other comprehensive basis of accounting.

7  
8 (37) ~~(36)~~ "Reviewer" means a member of a review team including the review team captain.

9 (38) ~~(37)~~ "Suspension" means a revocation for a specified period of time. A CPA may be  
10 reinstated after a specific period of time if the CPA has met all conditions imposed by  
11 the Board at the time of suspension; and

12 (39) ~~(38)~~ "Trade name" means a name used to designate a business enterprise.

13 ~~(39)~~ (39) "Work papers" mean the CPA's records of the procedures applied, the tests  
14 performed, the information obtained, and the conclusions reached in attest services,  
15 tax, consulting, special report, or other engagement. Work papers include, but are  
16 not limited to, programs used to perform professional services, analyses,  
17 memoranda, letters of confirmation and representation, checklists, copies or abstracts  
18 of company documents, and schedules of commentaries prepared or obtained by the  
19 CPA. The forms include, but are not limited to, handwritten, typed, printed, word  
20 processed, photocopied, photographed, computerized data, or in any other form of  
21 letters, words, pictures, sounds or symbols.

22 ~~(40)~~ (40) "Work product" means the end result of the engagement for the client which may  
23 include, but is not limited to a tax return, attest or assurance report, consulting  
24 report, and financial plan. The forms include, but are not limited to,  
25 handwritten, typed, word processed, photocopied, photographed, computerized  
26 data, or in any other form of letters, words, pictures, sounds, or symbols.

27 (c) Any requirement to comply by a specific date to the Board that falls on a weekend or  
28 federal holiday shall be received as in compliance if postmarked by U.S. Postal Service  
29 cancellation or received in the Board office on the next business day.

30  
31 History Note: Authority G.S. 93-1; 93-12(8c);

32 Eff. February 1, 1976;

33 Readopted Eff. September 26, 1977;

34 Amended Eff. January 1, 2006; January 1, 2004; April 1, 1999;

35 August 1, 1998; February 1, 1996; April 1, 1994;

*September 1, 1992.*

21 NCAC 08A .0308, is amended as published in 20:04, pages 207-208, as follows:

**.0308        HOLDING OUT TO THE PUBLIC**

(a) The phrase "holds himself out to the public as a certified public accountant," as used in defining "public practice of accountancy" in G.S. 93-1(a)(5) and in these rules, means any representation that a person holds a certificate of qualification, if that representation is made in connection with an offer to perform or the performance of accountancy services for the public, regardless of whether that representation is made by the person, someone associated with that person, or someone serving as that person's agent. Any such representation is presumed to invite the public to rely upon the professional skills implied by the certificate in connection with the professional services offered to be performed or performed by the person.

(b) For purposes of this Rule, a representation shall be deemed to include any ~~oral~~ oral, electronic, or written communication indicating that the person holds a certificate, including without limitation the use of titles or legends on letterheads, reports, business cards, brochures, resumes, office signs, telephone ~~directories~~ directories, websites, the Internet, or any other advertisements, news articles, publications, listings, tax return signatures, signatures on experience or character affidavits for exam or certificate applicants, displayed membership in CPA associations, displayed CPA licenses from this or any other ~~state~~, jurisdiction, and displayed certificates or licenses from other organizations which have the designation "CPA" or "Certified Public Accountant" by the licensee's name.

*History Note: Authority G.S. 93-1(a)(5); 93-12;*

*Eff. September 1, 1988;*

*Amended Eff. January 1, 2006; April 1, 1999; April 1, 1994;*

*May 1, 1989.*



1 21 NCAC 08A .0311, is repealed as published in 20:04, page 208, as follows:

2

3 **.0311 EMPHASIS IN TAXATION OR ACCOUNTING**

4

5 *History Note: Statutory Authority G.S. 93-12(5);*

6 *Eff. March 1, 1990;*

7 *Repealed Eff. January 1, 2006.*

21 NCAC 08F .0103, is amended as published in 20:04, pages 208-209, as follows:

**.0103 FILING OF EXAMINATION APPLICATIONS AND FEES**

(a) All applications for CPA examinations shall be filed with the Board, accompanied by the examination fee. The Board sets the fee for each examination at the amount that enables the Board to recover only its actual costs of examination services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned.

~~(b) Completed initial applications shall be postmarked with proper postage not later than the last day of January for the spring examination and not later than the last day of July for the fall examination. Completed re-exam applications shall be postmarked with proper postage not later than the last day of February for the spring examination and not later than the last day of August for the fall examination. If one of those dates falls on a weekend or federal holiday, the application shall be postmarked or received in the Board office by the end of the next business day. Only a U.S. Postal Service cancellation shall be considered as the postmark. If an application is sent to the Board office via a private delivery service, the date the package is received by the delivery service shall be considered as the postmark.~~

~~(e)~~(b) The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, such as:

- (1) minimum legal age;
- (2) education;
- (3) experience, if required in order to qualify for the examination; and
- (4) good moral character.
- (5) Any person born outside the United States shall furnish to the Board office evidence of citizenship; evidence of resident alien status; or
  - (A) other bona fide evidence that the applicant is legally allowed to remain in the United States for the purposes of becoming a U.S. citizen; or
  - (B) a notarized affidavit of intention to become a U.S. citizen; or
  - (C) evidence that the applicant is a citizen of a foreign jurisdiction which extends to citizens of this state like or similar privileges to be examined.

~~(d)~~(c) Official transcripts (originals - not photocopies) signed by the college registrar and bearing the college seal are required to prove education and degree requirements. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted to the transcript. However, no examination grades shall be released until an official transcript is filed confirming the information supplied in the college registrar's letter. All applicants submitting transcripts

1 from foreign schools for consideration of degree and of meeting accountancy course  
2 requirements shall have had the transcript(s) evaluated by Foreign Academic Credential Service,  
3 Inc. (FACS) or a comparable educational evaluation service. Applicants shall determine that their  
4 transcripts contain all information required by these Rules.

5 ~~(e)~~(d) If experience is required to qualify for examination, affidavits shall be prepared and signed  
6 by employers on forms supplied by the Board.

7 ~~(f)~~(e) In order to document good moral character as required by Subparagraph ~~(e)~~(4) (b)(4) of this  
8 Rule, three certificates of good moral character signed by persons not related by blood or  
9 marriage to the applicant shall accompany the application.

10 ~~(g)~~(f) No additional statements and affidavits regarding experience and education shall be  
11 required for applications for re-examination..

12 ~~(h)~~(g) An applicant shall include as part of any application for the CPA examination a statement  
13 of explanation and a certified copy of the final deposition if the applicant has been arrested,  
14 charged, convicted or found guilty ~~of~~ of, received a prayer for judgment continued or pleaded  
15 *nolo contendere* to any criminal offense.

16 ~~(i)~~(h) If an applicant has been denied any license by any state or federal agency, the applicant  
17 shall include as part of the application for the CPA examination a statement explaining such  
18 denial. An applicant shall include a statement of explanation and a certified copy of applicable  
19 license records if the applicant has been registered with or licensed by a state or federal agency  
20 and has been disciplined by that agency.

21 ~~(j)~~(i) Two recent identical photographs shall accompany the application for the CPA  
22 examination. These photographs shall have been taken within the last six months. The  
23 photographs shall be of the applicant alone, 2x2 inches in size, with an image size from the  
24 bottom of the chin to the top of the head, including hair, of between 1 and 1-3/8 inches.  
25 Photographs shall be clear, front view, full face, taken in normal street attire without a hat or dark  
26 glasses, and printed on thin paper with a plain light background. They shall be capable of  
27 withstanding a mounting temperature of 225 degrees Fahrenheit (107 degrees Celsius). They may  
28 be in black and white or in color. Snapshots, most vending-machine prints, and magazine or  
29 full-length photographs are unacceptable. Photographs retouched so that the applicant's  
30 appearance is changed are unacceptable. Applicants shall write their names on the back of their  
31 photos.

32 ~~(k)~~(j) If an applicant's name has legally changed and is different from the name on any transcript  
33 or other document supplied to the Board, the applicant shall furnish copies of the documents  
34 legally authorizing the name change.

35 ~~(l)~~(k) ~~Effective with the administration of the computer-based CPA Examination, candidates~~

1 Candidates shall file initial and re-exam applications to sit for the CPA ~~Examination~~. Examination  
2 on forms provided by the Board.

3 ~~(m)(l) Effective with the administration of the computer-based CPA Examination, examination~~  
4 Examination fees will be valid for a six-month period from the date of the ~~notice to schedule.~~

5 Notice To Schedule (NTS).

6

7 *History Note: Authority G.S. 93-12(3); 93-12(4); 93-12(5);*

8 *Eff. February 1, 1976;*

9 *Readopted Eff. September 26, 1977;*

10 *Amended Eff. January 1, 2006; January 1, 2004;*

11 *August 1, 1998; February 1, 1996; April 1, 1194;*

12 *March 1, 1990; May 1, 1989.*

21 NCAC 08F .0105, is amended as published in 20:04, page 209, with changes, as follows:

**.0105      CONDITIONING REQUIREMENTS**

(a) Passing Grades. A candidate shall be required to pass all sections of the examination with a grade of 75 or higher on each section.

~~(b) Conditional Credit. If a candidate does not pass all of the sections in one sitting, conditional credit may be retained for passed sections subject to the following:~~

~~(1) No conditional credit may be retained until the candidate has first passed at least two sections in one sitting;~~

~~(2) To receive conditional credit for any section the candidate must sit for and make a grade of at least 50 on all unpassed sections; and~~

~~(3) The conditional credit is good through the six succeeding times the exam is offered by the Board.~~

~~(c)(b) Military Service. A candidate who was or is in active military service after receiving conditional credit shall have counted as succeeding examinations only those exams for which that candidate applied and was approved during active military service. Military Service. A candidate who is on active military service shall not have the time on active military service counted against (d)(1) of this rule unless the candidate applies to take the examination during the active military service in which case each month a candidate sits shall be counted toward (d)(1) of this rule.~~

~~(d) (c) A candidate who has conditional credit prior to January 1, 1997, may continue to apply to sit for the examination as long as the conditional credit is valid. A candidate who no longer has valid conditional credit after January 1, 1997, shall be required to meet all education requirements in effect at the time of their subsequent application.~~

~~(e) (d) Effective with the administration of the computer-based CPA Examination, a A candidate is subject to the following conditioning requirements:~~

~~(1) A candidate shall be required to obtain a passing grade on all sections of the examination within an 18-month period;~~

~~(2) A candidate may sit for any section of the examination individually;~~

~~(3) A candidate may sit for each section of the examination up to four times during a one-year period but not more than one time in a three-month testing window as defined by the examination vendors(s);~~

~~(4) A candidate shall receive credit on the passage of his or her section(s) of the examination; such credit(s) shall be valid for an 18-month period which begins on the date the section(s) passed is (are) taken; and~~

1 (5) A candidate having earned conditional credits on the paper-and-pencil CPA  
2 Examination has until October 31, 2005, or 18 months after administration of the last  
3 paper-and-pencil examination to pass the remaining sections(s) before the credits  
4 earned under the paper-and-pencil examination expire.

5 *History Note:* Authority G.S. 93-12(3); 93-12(5);  
6 Eff. February 1, 1976;  
7 Readopted Eff. September 26, 1977;  
8 Amended Eff. January 1, 2006; January 1, 2004;  
9 August 1, 1998; April 1, 1994; April 1, 1991;  
10 March 1, 1990.

21 NCAC 08F .0106, is amended as published in 20:04, page 209, as follows:

**.0106 GRANTING EXAMINATION CREDIT FROM OTHER STATES JURISDICTIONS**

(a) The Board may grant candidates credit for passing parts of the AICPA Uniform CPA Examination in another state jurisdiction or territory of the United States.

(b) To be considered for credit, the passing grades must meet the requirements of 21 NCAC 8F .0105. To transfer credit, the candidate must file an application with the Board on a form provided by the Board. Such application may be made simultaneously with the application to take the CPA examination.

*History Note: Statutory Authority G.S. 93-12(2); 93-12(3);  
Eff. February 1, 1976;  
Readopted Eff. September 26, 1977;  
Amended Eff. January 1, 2006; May 1, 1989;  
October 1, 1984.*

21 NCAC 08F .0107, is amended as published in 20:04, pages 209-210, as follows:

**.0107 COMMUNICATION OF RESULTS OF CPA EXAMINATIONS**

(a) The Board shall communicate to candidates in writing the result achieved in each of their examinations. Grades awarded to candidates shall not be released to third parties except by written consent of the candidate.

(b) In no event shall any information concerning answers of candidates be given to anyone other than the candidate.

(c) Examination grades shall be mailed ~~on the uniform national release date agreed to with the NASBA and the AICPA. However, candidates may receive their grades personally at the offices of the Board on the release date by notifying the Executive Director in writing not later than five days prior to the release date.~~ to the candidates upon receipt by the Board.

(d) ~~Information prepared by the Board's staff about the results of the examination and intended for public information shall be made available no earlier than the day after the uniform national release date.~~

*History Note: Authority G.S. 93-12(2); 93-12(3);*

*Eff. February 1, 1976;*

*Readopted Eff. September 26, 1977;*

*Amended Eff. January 1, 2006; April 1, 1999; April 1, 1994;*

*May 1, 1989; December 1, 1987; June 1, 1985.*



1 21 NCAC 08F .0110 and .0112, are repealed as published in 20:04, page 210, as follows:

2

3 .0110 PROCTORING OTHER JURISDICTIONS' CANDIDATES

4 .0112 CANDIDATE'S REQUEST TO SIT IN ANOTHER JURISDICTION

5

6 *History Note: Statutory Authority G.S. 93-12;*

7 *Eff. April 1, 1994; December 1, 1987;*

8 *Amended Eff. January 1, 2004; May 1, 1989;*

9 *Repealed Eff. January 1, 2006.*

21 NCAC 08F .0304, is amended as published in 20:04, page 210, with changes, as follows:

**.0304 WAIVER OF EDUCATION REQUIRED PRIOR TO EXAMINATION**

(a) The Board will waive the education requirements specified in 21 NCAC 8F .0302(a)(1) and (2) upon receipt of proof acceptable to the Board that the applicant has scored:

(1) in the 50th percentile rank or higher on each part of either the Graduate Record Examination or the Graduate Management Admission Test; and

(2) in the 50th percentile rank or higher on the AICPA Level II Achievement Test.

(b) ~~The Board shall waive the examination set forth in Paragraph (a) of this Rule upon proof acceptable to the Board that:~~

~~(1)(2) the applicant has enrolled for an advanced degree at a regionally accredited school and, prior to filing an application with the Board, has satisfactorily completed ten semester hours, or the equivalent, of graduate courses, including six semester hours in graduate accounting courses; or courses.~~

~~(2) the applicant has completed 15 semester hours, or the equivalent, of undergraduate courses, including six semester hours, or the equivalent, in undergraduate accounting courses at a regionally accredited school if the applicant possesses a bachelor's degree supplemented by a concentration in accounting but either the bachelor's degree or the concentration in accounting is not from a regionally accredited school.~~

*History Note: Statutory Authority G.S. 93-12(5); 93-12(7);*

*Eff. June 16, 1980;*

*Amended Eff. January 1, 2006; September 1, 1983;*

*Recodified from 8F .0406 Eff. October 1, 1984;*

*Amended Eff. May 1, 1989; January 1, 1988; July 1, 1987.*

21 NCAC 08F .0401, is amended as published in 20:04, pages 210-211, as follows:

**.0401 WORK EXPERIENCE REQUIRED OF CANDIDATES FOR CPA CERTIFICATION**

(a) G.S. 93-12(5)(c) ~~(in the text surrounding the second set of a., b., c., and d.)~~ sets forth work experience alternatives, one of which is required of candidates applying for CPA certification. In connection with those requirements, the following provisions apply:

- (1) The work experience shall be acquired prior to the date a candidate applies for certification.
- (2) All experience which is required to be under the direct supervision of a CPA shall be under the direct supervision of a CPA on active status.
- (3) A candidate who applied for the CPA examination under the special examination exception set out in G.S. 93-12(5), and further described in 21 NCAC 8F .0302(a)(2) and (d) shall meet the work experience requirement prior to applying to take the CPA examination.

(b) The following provisions apply to all candidates seeking to meet the work experience requirement by working in the field of accounting. ~~G.S. 93-12(5)(second a.) and (second c.)~~ G.S. 93-12(5)(c)(3).

- (1) One year of work experience is 52 weeks of full-time employment. The candidate is employed full-time when the candidate is expected by the employer to work for the employer at least 30 hours each week for an indefinite period or for a set period of at least one year. Any other work, including working on an "as-needed" or a temporary basis, is working part-time.
- (2) All weeks of actual full-time employment are added to all full-time equivalent weeks in order to calculate how much work experience a candidate has acquired. Dividing that number by 52 results in the years of work experience the candidate has acquired.
- (3) Full-time-equivalent weeks are determined by the number of actual part-time hours the candidate has worked. Actual part-time hours do not include hours paid for sick leave, vacation leave, attending continuing education courses or other time not spent directly performing accounting services. For each calendar week during which the candidate worked actual part-time hours of 30 hours or more, the candidate receives one full-time-equivalent week. The actual part-time hours worked in the remaining calendar weeks are added together and divided by 30. The resulting number is the additional number of full-time-equivalent weeks to which the candidate is entitled.
- (4) The candidate shall submit experience affidavits on a form provided by the Board from all of the relevant employers; provided that when such experience was not

1 acquired while employed with a CPA firm, the candidate shall also submit details of  
2 the work experience and supervision on a form provided by the Board. Experience  
3 affidavits for part-time work shall contain a record of the actual part-time hours the  
4 candidate has worked for each week of part-time employment. Both the experience  
5 affidavit and the form for additional detail shall be certified by the employer's office  
6 supervisor or an owner of the firm who is a certificate holder.

7 (c) 21 NCAC 8F .0409 applies to teaching experience acquired pursuant to G.S. ~~93-12(5)~~(second  
8 b.). G.S. 93-12(5)(c)(2) and (4).

9  
10 *History Note: Legislative Objection Lodged Eff. July 20, 1982;*  
11 *Filed as a Temporary Amendment Eff. June 17, 1982 for a period of 120 days to expire on*  
12 *October 12, 1982;*  
13 *Authority G. S. 93-12(3); 93-12(5);*  
14 *Eff. February 1, 1976;*  
15 *Readopted Eff. September 26, 1977;*  
16 *Amended Eff. January 1, 2006; September 1, 1988;*  
17 *August 1, 1998; March 1, 1990; July 1, 1989; December 1, 1988.*

21 NCAC 08F .0409, is amended as published in 20:04, page 211, as follows:

**.0409 SATISFACTION OF EXPERIENCE REQUIREMENT BY TEACHING**

(a) Teaching Experience. The requirement of "~~five~~ four years experience teaching accounting," G.S. 93-12(5), means teaching accounting full-time for ~~five~~ four years.

(1) Full-time teaching as described by the rules of the educational institution where the applicant taught will be accepted by the Board to be full-time teaching. However, in no case will less than 12 semester hours, or the equivalent, be accepted by the Board as full-time teaching.

(2) If the applicant has not taught accounting full-time for ~~five~~ four years, credit will be allowed by the Board for teaching accounting less than full-time on a pro rata basis based upon the number of semester hours required for full-time teaching at the educational institution where the applicant taught. However, in no case can an applicant receive credit for a full-time teaching year for teaching done in less than one academic year or more credit than one full-time teaching year for teaching done within one calendar year.

(3) Courses outside the field of accounting will not be counted toward full-time teaching. Such courses include, but are not limited to: business law, finance, computer applications, personnel management, economics and statistics.

(4) Of the ~~five~~ four years of full-time teaching experience, teaching accounting principles (below intermediate accounting) cannot be counted toward the educational requirement for more than the equivalent of two full-time years. The remaining ~~three~~ two full-time teaching years must be taught in at least two different areas of advanced accounting such as auditing, income tax, intermediate financial accounting or advanced managerial accounting, and the applicant must have taught at least nine semester hours, or the equivalent, in at least two of the different areas.

The purpose of this Subparagraph is to render unacceptable as meaningful experience both the continuous teaching of the elementary accounting course and the continuous teaching of the advanced courses in only one area of accounting.

(b) Required Information. Applicants must submit with their application a letter from each institution where they taught, certified by the applicant's dean or department head at that institution. The letter must state:

- (1) the number of credit hours which the applicant taught each year;
- (2) the names and academic level of the courses taught; and
- (3) the number of hours set by the rules of the institution as full-time teaching for each

1                   relevant year.

2           (c) Burden of Proof. An applicant having taught in an accredited community college or  
3 technical institute has the burden of proving that the credits earned by students taking those  
4 courses which the applicant taught would transfer to a four-year accredited college or university.

5

6   *History Note: Statutory Authority G.S. 93-12(5);*

7                   *Eff. December 1, 1983;*

8                   *Amended Eff. January 1, 2006; April 1, 1994; May 1, 1989;*

9                   *January 1, 1988; July 1, 1985.*

21 NCAC 08F .0410, is amended as published in 20:04, pages 211-212, as follows:

**.0410 EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION**

(a) G.S. 93-12(5)(a) sets forth the education required of candidates applying for CPA certification. The 150 semester hours required shall include a concentration in accounting, as defined by 21 NCAC 8A .0309, and other courses as required by the Board as follows: 24 semester hours of coursework which shall include one three semester hour course from at least eight of the following 10 fields of study:

- (1) communications;
- (2) computer technology;
- (3) economics;
- (4) ethics;
- (5) finance;
- (6) humanities/social science;
- (7) international environment;
- (8) law;
- (9) management; or
- (10) statistics.

(b) Anyone applying for CPA certification who holds a Master's or more advanced degree in accounting, tax law, economics, finance, business administration, or a law degree with an emphasis in taxation or accounting from an accredited college or university or the equivalent thereof shall be in compliance with G.S. 93-12(5)(a). the above.

*History Note: Authority G.S. 93-12(5);  
Eff. January 1, 2001;  
Amended Eff. January 1, 2006.*

21 NCAC 08G .0410, is amended as published in 20:04, page 212, with changes, as follows:

**.0410 PROFESSIONAL ETHICS AND CONDUCT CPE**

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and conduct as set out in 21 NCAC 8N. They shall complete either two hours in a group study format or four hours in a self-study format. These courses shall be approved by the Board pursuant to 21 NCAC 8G .0400. This CPE shall be offered by a CPE sponsor registered with the Board pursuant to 21 NCAC 8G .0403(a) or (b).

(b) ~~A non-resident licensee who maintains an office in North Carolina must comply with (a) of this rule. All other non-resident licensees may satisfy (a) of this rule by completing the ethics requirements in the jurisdiction in which he or she resides. If there is no ethics CPE requirement in the jurisdiction where he or she currently resides, he or she must comply with (a) above.~~

*History Note: Authority G.S. 93-12(8b);  
Eff. January 1, 2005;  
Amended Eff. January 1, 2006.*



21 NCAC 08H .0101, is amended as published in 20:04, page 212, as follows:

**.0101        RECIPROCAL CERTIFICATES**

(a) A person from another jurisdiction who desires to offer or render professional services as a CPA to his or her employer or a client in this state shall meet all the requirements imposed on an applicant under G.S. 93-12(5) or the requirements of G.S. 93-12(6).

(b) The fee for a reciprocal certificate shall be the maximum amount allowed by G.S. 93-12(7a).

(c) An applicant for a reciprocal certificate shall meet the following requirements:

(1) The applicant has the legal authority to use the CPA title and to practice public accountancy in a jurisdiction.

(2) The applicant has received a passing score on each part of the Uniform CPA Examination.

~~(d) An applicant applying for a reciprocal certificate under G.S. 93-12(6) must also meet the following requirements which the Board considers to be substantially equivalent to those of G.S. 93-12(5):~~

~~(1) The applicant shall have 150 semester hours of college or university education including a bachelors or higher degree with a concentration in accounting and one year of experience in the field of accounting verified by a certified public accountant who was the applicant's direct supervisor and otherwise comply with 21 NCAC 8F .0410; or~~

~~(2) The applicant:~~

~~(A) within 10 years immediately preceding the filing date of the application, has had two years of experience in the field of accounting under the direct supervision of a CPA who held a valid license during the period of direct supervision in any state or territory of the United States or the District of Columbia; or~~

~~(B) has eight years of experience in the field of accounting, or eight years of experience teaching accounting as defined and calculated in 21 NCAC 8F .0409, or any combination of such experience earned within the 12 years immediately preceding the filing date of the application; and~~

~~(3) During the two years preceding the applicant's filing date for a reciprocal certificate, the applicant has completed 80 hours of CPE in courses meeting the requirements of 21 NCAC 8G .0401(a). However, an applicant who received his or her initial CPA license within four years from the filing date of the application for a reciprocal certificate is exempt from this CPE requirement.~~

1 (e)(d) An applicant for change in status, reissuance, or reinstatement of a reciprocal certificate  
2 that was inactive, forfeited, or retired more than 10 years before the date of reapplication, must  
3 comply with all current requirements for a reciprocal certificate.

4

5 *History Note: Authority G.S. 93-12(6); 93-12(7a);*  
6 *Eff. February 1, 1976;*  
7 *Readopted Eff. September 26, 1977;*  
8 *Amended Eff. January 1, 2006; April 1, 2003;*  
9 *April 1, 1999; August 1, 1998; September 1, 1992;*  
10 *March 1, 1990; May 1, 1989; June 1, 1988.*

21 NCAC 08H .0105, is amended as published in 20:04, page 212, as follows:

**.0105 USE OF CPA TITLE**

(a) A person who holds a CPA certificate from another state, jurisdiction, territory or district but not from this Board and who temporarily enters North Carolina for the sole purpose of:

(1) teaching either a college or a CPE course;

(2) delivering any other lecture, or

(3) moderating any panel discussion

may use the CPA title provided that, in every instance of any kind in which the CPA title is used, the state, territory or district granting the CPA title is disclosed.

(b) A person who holds a CPA certificate from another state, territory or district and who temporarily enters this state for the sole purpose of rendering advisory or consulting services to persons employed by the same employer as the CPA (including parent, sister, or subsidiary entities) may use the CPA title.

(c) Out-of-state CPAs neither domiciled nor employed in North Carolina may enter the state for the sole purpose of performing a peer review ~~or quality review~~ for a North Carolina licensee and shall not be required to secure a temporary permit to conduct said engagement.

*History Note: Statutory Authority G.S. 93-1;*

*Eff. August 1, 1988;*

*Amended Eff. January 1, 2006; April 1, 1991;*

*May 1, 1989.*

21 NCAC 08M .0105, is amended as published in 20:04, page 213, with changes, as follows:

**.0105 PEER REVIEW REQUIREMENTS**

(a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program:

- (1) ~~Audits, any audits;~~
- (2) ~~Reviews any review of~~ financial statements;
- (3) ~~Compilations any compilations~~ of financial statements; ~~and~~
- (4) ~~Examinations of prospective financial statements any agreed-upon procedures~~
- (5) ~~Compilations of prospective financial statements;~~
- (6) ~~Agreed-upon procedures of prospective financial statements;~~
- (7) ~~Examination of written assertions; and~~
- (8) ~~Agreed-upon procedures of written assertions.~~

(b) A CPA or CPA firm not providing any of the services listed in Paragraph (a) of this Rule is exempt from peer review until the issuance of the first report provided to a client.

(c) A CPA, a new CPA firm or a CPA firm exempt from peer review now providing any of the services in Paragraph (a) of this Rule shall furnish to the peer review program their first peer review report, the letter of comments, the letter of response, and any work papers required for the peer review program within 24 months of the issuance of the first report provided to a client.

(d) Participation in and completion of one of the following peer review programs is required:

- (1) ~~AICPA Division for CPA Firms SEC Practice Section; AICPA Center for Public Company Audit Firms;~~
- (2) AICPA Peer Review Program;
- (3) ~~NCACPA Peer Review Program; or~~
- (4) ~~Any other peer review program found to be substantially equivalent to (1), (2) or (3) of this Paragraph in advance by the Board.~~
- (3) Any other peer review program found to be substantially equivalent to (1) or (2) of this Paragraph in advance by the Board.

(e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.

(f) A CPA firm which does not have offices in North Carolina and which has not provided any services as listed in Paragraph (a) of this Rule to North Carolina clients is not required to participate in a peer review program.

(g) Subsequent peer reviews of a CPA firm are due three years and six months from the year

1 end of the 12 month period of the first peer review unless granted an extension by the peer  
2 review program.

3

4 *History Note: Authority G.S. 93-12(7b); 93-12(8c);*

5 *Eff. January 1, 2004;*

6 *Amended Eff. January 1, 2006.*

21 NCAC 08M .0106, is amended as published in 20:04, page 213, as follows:

**.0106 COMPLIANCE**

(a) A CPA firm registered for peer review shall provide to the Board the following:

- (1) Peer review due date;
- (2) Year end date;
- (3) Final Letter of Acceptance from peer review program within 60 days of the date of the letter; and
- (4) A package to include the Peer Review Report, Letter of Comments, Letter of Response and Final Letter of Acceptance for all adverse and second consecutive modified reports issued by a peer review program within 60 days of the date of the Final Letter of Acceptance.

(b) A peer review is not complete until the Final Letter of Acceptance is issued by the peer review program with the new due date.

(c) If a CPA firm fails to comply with 21 NCAC 8M .0105(c), (d), or (g), the Board may take disciplinary action against the CPA firm's members which may include:

- (1) a conditional license and one hundred dollars (\$100.00) civil penalty upon conditions as the Board may deem appropriate for non-compliance of less than 60 days;
- (2) a conditional license and two hundred fifty dollars (\$250.00) civil penalty for non-compliance in excess of 60 days but not more than 120 days; and
- (3) a suspension of each member's CPA certificate for a period of not less than 30 days and a civil penalty of five hundred dollars (\$500.00) for non-compliance in excess of 120 days.

*History Note: Authority G.S. 93-12(7b); 93-12(8c);*

*Eff. January 1, 2004;*

*Amended Eff. January 1, 2006.*

21 NCAC 08N .0103, is amended as published in 20:04, page 213, as follows:

**.0103        RESPONSIBILITY FOR COMPLIANCE BY OTHERS**

A CPA and CPA firm shall be responsible for assuring compliance with the rules in this Subchapter by anyone who is the CPA's ~~partner, fellow shareholder, partner, fellow shareholder, member, officer, director, licensed employee, unlicensed employee or agent~~ or unlicensed principal, or whom the CPA supervises. A CPA or CPA firm shall not permit others (including affiliated entities) to carry out on the CPA's behalf, with or without compensation, acts which if carried out by the CPA would be a violation of these Rules. ~~A CPA firm shall be responsible for assuring compliance with these Rules by any of its officers, directors, shareholders, unlicensed principals, partners, proprietors, employees, or agents.~~

*History Note:    Statutory Authority G.S. 55B-12; 57C-2-01; 93-12(9);  
                          Eff. April 1, 1994;  
                          Amended Eff. January 1, 2006.*

21 NCAC 08N .0204, is amended as published in 20:04, pages 213-214, as follows:

**.0204 DISCIPLINE BY FEDERAL AND STATE AUTHORITIES**

(a) Violations of Other Authorities' Laws or Rules. A CPA shall not act in a way that would cause said CPA to be disciplined by federal or state agencies or boards for violations of laws or rules on ethics. CPAs who engage in activities regulated by other federal or state authorities (including but not limited to the following agencies: IRS, Department of Revenue, SEC, State Bar, North Carolina Secretary of State, PCAOB, NASD, Department of Insurance, GAO, HUD, State Auditor, State Treasurer, or Local Government Commission) must comply with all such authorities' ethics laws and rules.

(b) *Prima Facie* Evidence. A conviction or final finding of unethical conduct by a competent authority is *prima facie* evidence of a violation of this Rule.

(c) Notice to the Board Required. A CPA shall notify the Board in writing within 30 days of any conviction or final finding against him or her of unlawful conduct by any federal or state court or regulatory authority.

*History Note: Statutory Authority G.S. 55B-12; 57C-2-01; 93-12(9);  
Eff. April 1, 1994;  
Amended Eff. January 1, 2006.*



21 NCAC 08N .0208, is amended as published in 20:04, page 214, as follows:

**.0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS**

(a) Criminal Actions. A CPA shall notify the Board within 30 days of any conviction or finding of guilt of, or pleading of ~~nolo contendere~~ nolo contendere, or receiving a prayer for judgment continued to any criminal offense.

(b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit, bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or violation of any federal or state tax law and which was brought against either the CPA or a North Carolina office of a CPA firm of which the CPA was a managing partner.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);  
Eff. April 1, 1994;  
Amended Eff. January 1, 2006; April 1, 2003;  
April 1, 1999.*

1 21 NCAC 08N .0213, is amended as published in 20:04, page 214, as follows:

2

3 **.0213 OTHER RULES**

4 A CPA shall not willfully violate any other rule in Chapter nor any other provision of the  
5 Accountancy Statutes, the Professional Corporation Act, the Partnership Act, the Taxation Act, or  
6 the North Carolina Limited Liability Company Act.

7

8 *History Note: Statutory Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

9 *Eff. April 1, 1994;*

10 *Amended Eff. January 1, 2006.*

1 21 NCAC 08N .0214, is adopted as published in 20:04, page 214, as follows:

2  
3 **.0214 OUTSOURCING TO THIRD-PARTY SERVICE PROVIDERS**

4 (a) A CPA shall provide a written disclosure to the client that he or she is using a third-party  
5 provider to assist the CPA in providing any professional services to the client.

6 (b) A CPA shall provide annual disclosure in a written statement of the services to be rendered  
7 by the third-party provider as well as the third-party provider's name, address, and phone  
8 number. The written statement shall be dated, signed by both the CPA and client in advance of  
9 the outsourcing, and a copy provided to the client.

10 (c) A CPA outsourcing professional services to a third-party provider is responsible for  
11 compliance with all rules of Professional of Conduct and Ethics in 21 NCAC 08N.

12

13 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

14 *Eff. January 1, 2006.*

15

21 NCAC 08N .0302, is amended as published in 20:04, page 214, with changes, as follows

**.0302 FORMS OF PRACTICE**

(a) Authorized Forms of Practice. A CPA who uses CPA in or with the name of the business or offers or renders attest ~~or assurance~~ services in the public practice of accountancy to clients shall do so only through a registered sole proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered Limited Liability Partnership.

(b) Authorized Ownership. A CPA firm may have a an ownership of up to 49 percent by non-CPAs. A CPA firm shall have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least one whom shall be licensed by this Board.

(c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm which is in violation of the registration requirements of 21 NCAC 8J .0108, 8J .0110, or 8M .0101.

(d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall be actively and locally supervised by a designated actively licensed North Carolina CPA whose primary responsibility and a corresponding amount of time shall be work performed in that office.

(e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA shall be held accountable for the following in regard to a CPA owner:

(1) A CPA owner shall be a natural person or a general partnership or a limited liability partnership directly owned by natural persons.

(2) A CPA owner shall actively participate in the business of the CPA firm.

(3) A CPA owner who, prior to January 1, 2006, is not actively participating in the CPA firm may continue as an owner until such time as his or her ownership is terminated.

~~(e)~~(f) CPA Firm Requirements for Non-CPA Ownership. A CPA firm and its designated supervising CPA partner shall be held accountable for the following in regard to a non-CPA owner:

(1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership directly owned by natural persons;

(2) a non-CPA owner shall actively participate in the business of the firm or an affiliated entity as his or her principal occupation;

(3) a non-CPA owner shall comply with all applicable accountancy statutes and the administrative code;

- 1 (4) a non-CPA owner shall be of good moral character and shall be dismissed and  
2 disqualified from ownership for any conduct that, if committed by a licensee, would  
3 result in a discipline pursuant to G.S. 93-12(9);  
4 (5) a non-CPA owner shall report their name, home address, phone number, and social  
5 security number, and or Federal Tax ID number on the CPA firm's registration; and  
6 (6) a non-CPA owner's name may not be used in the name of the CPA firm or held out  
7 to clients or the public that implies the non-CPA owner is a CPA.

8  
9 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*  
10 *Eff. April 1, 1994;*  
11 *Amended Eff. January 1, 2006; April 1, 2003;*  
12 *April 1, 1999; August 1, 1995.*

21 NCAC 08N .0303, is amended as published in 20:04, pages 214-215, with changes, as follows:

**.0303 OBJECTIVITY AND CONFLICTS OF INTEREST**

(a) Personal Financial Interest in Advice. When offering or rendering accounting or related financial, tax, or management advice, a CPA shall be objective and shall not place the CPA's own financial interests nor the financial interests of a third party ahead of the legitimate financial interests of the CPA's client or the public in any context in which a client or the public can reasonably expect objectivity from one using the CPA title.

(b) Expectation of Objectivity Presumed. If the CPA uses the CPA title in any way to obtain or maintain a client relationship, the Board will presume the reasonable expectation of objectivity.

(c) Acceptance of a Commission or Referral Fee. A CPA shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when the CPA also performs for that client:

- (1) an audit or review of a financial statement; or
- (2) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence; or
- (3) an examination of prospective financial information.

This prohibition applies during the period in which the CPA is engaged to perform any of the services listed in Subparagraph (c)(2) of this Rule and the period covered by any historical financial statements involved in such listed services.

(d) Acceptance of a Contingent Fee.

- (1) The offering or rendering of professional services for, or the receipt of, a contingent fee by a CPA is not prohibited except for engaging to render or rendering by a CPA for a contingent fee:

(A) of professional services for, or the receipt of such a fee from, any person for whom the CPA also performs attest services, during the period of the attest services engagement and the period covered by any historical financial statements involved in such attest services; and

(B) for the preparation of original or amended tax returns or claims for tax refunds.

- (2) Fees are not regarded as being contingent if fixed by courts or other public authorities or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

1 (e) For the purposes of this Rule, a CPA shall provide disclosure to a client in  
2 accepting a commission, referral, or contingent fee. A CPA shall provide disclosure in a written  
3 statement of the service or product to be rendered or referred with the contingent fee,  
4 commission, or referral fee to be charged or received. The written statement shall be dated,  
5 signed by the CPA and client in advance of any sale, referral, or service provided, and a copy  
6 given to the client. For the purpose of this rule, a CPA shall communicate in advance to a client  
7 the scope of services or products to be rendered or referred for which the CPA will receive a  
8 commission, referral, or contingent fee. A CPA shall provide disclosure in a written statement  
9 within ten business days of the service or product to be rendered or referred with the  
10 commission, referral, or contingent fee to be charged or received by the CPA.

11

12 History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

13 Eff. April 1, 1994;

14 Amended Eff. January 1, 2006; April 1, 1999.

21 NCAC 08N .0304, is amended as published in 20:04, page 215, as follows:

**.0304 MANAGEMENT CONSULTING SERVICES STANDARDS**

(a) Standards for ~~Management~~ Consulting Services. A CPA shall not render ~~management~~ consulting services unless the CPA has complied with the standards for ~~management~~ consulting services.

(b) Statements on Standards for ~~Management~~ Consulting Services. The Statements on Standards for ~~Management~~ Consulting Services (including the definition of such services) issued by the AICPA, including subsequent amendments and editions, are hereby adopted by reference, as provided by G.S. 150B-21.6, and shall be considered as the approved standards for ~~management~~ consulting services for the purposes of Paragraph (a) of this Rule.

(c) Departures. Departures from the statements listed in Paragraph (b) of this Rule must be justified by those who do not follow them.

(d) Copies of Statements. Copies of the Statements on Standards for ~~Management~~ Consulting Services may be inspected in the offices of the Board, as described in 21 NCAC 8A .0102. Copies may be obtained from the AICPA, 1211 Avenue of the Americas, New York, NY 10036 as part of the "AICPA Professional Standards." They are available at cost, which is approximately ten dollars (\$10.00) in paperback form or two hundred dollars (\$200.00) in looseleaf subscription form.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

*Eff. April 1, 1994;*

*Amended Eff. January 1, 2006.*



21 NCAC 08N .0305, is amended as published in 20:04, pages 215-216, with changes, as follows:

**.0305 RETENTION OF CLIENT RECORDS**

(a) Return upon Demand. A CPA must return client records in his or her possession to the client after a demand is made for their return. If the client is a partnership, records shall be returned upon request to any of its general partners. If the client is a limited partnership or a registered limited liability partnership, records shall be returned upon request to its general partner(s) and the managing partner or his or her designated individual respectively. If the client is a corporation, records shall be returned upon request to its president. If the client is a limited liability company, records shall be returned upon request to the manager. Joint records shall be returned upon request to any party. The records must be returned immediately upon demand unless circumstances make some delay reasonable in order to retrieve a closed file or to extract the CPA's work papers described in Paragraph (e) of this Rule. If the records cannot be returned immediately upon demand, the CPA shall immediately notify the client of the date the records will be returned. Nothing in this Rule shall be interpreted to require a CPA to pay delivery costs when the records are returned to the client.

(b) Return of Original Records. If the engagement is terminated prior to completion or the CPA's work product has neither been received nor paid for by the client, the CPA is only required to return those records originally given to the CPA by the client.

(c) Retention to Force Payment. A CPA shall not retain a client's records in order to force payment of any kind.

(d) Work Papers Included in Client Records. Work papers are usually the CPA's property and need not be surrendered to the client. However, in some instances work papers will contain data which should properly be reflected in the client's books and records but for convenience have not been duplicated therein with the result that the client's records are incomplete. In such instances, the portion of the work papers containing such data constitutes part of the client's records, and copies shall be given to the client along with the rest of the client's records. Work papers considered part of the client's records include but are not limited to:

- (1) Worksheets in lieu of original entry (e.g., listings and distributions of cash receipts or cash disbursements on columnar work paper);
- (2) Worksheets in lieu of general ledger or subsidiary ledgers, such as accounts receivable, job cost and equipment ledgers, or similar types of depreciation records;
- (3) All adjusting and closing journal entries and supporting details not fully set forth in the journal entry; and
- (4) Consolidating or combining journal entries and worksheets and supporting detail

1 used in arriving at final figures incorporated in an end product such as financial  
2 statements or tax returns.

3 (e) Work Papers Belonging to the CPA. Work papers developed by the CPA incident to the  
4 performance of an engagement which do not result in changes to the client's records, or are not in  
5 themselves part of the records ordinarily maintained by such clients, are solely the CPA's work  
6 papers and are not the property of the client. For example, the CPA may make extensive analyses  
7 of inventory or other accounts as part of the selective audit procedures. These analyses are  
8 considered to be a part of the CPA's work papers, even if the analyses have been prepared by  
9 client personnel at the request of the CPA. Only to the extent these analyses result in changes to  
10 the client's records would the CPA be required to furnish the details from the work papers in  
11 support of the journal entries recording the changes, unless the journal entries themselves contain  
12 all necessary details.

13 (f) Reasonable Fees for Copies. Nothing in this Rule shall be construed to require the CPA to  
14 furnish a client with copies of the client's records already in the client's possession. However, if  
15 the client asserts that such records have been lost, or are otherwise not in the client's possession,  
16 the CPA shall furnish copies of the records for a fee.

17 (g) Retention of Work product and Work papers. A CPA shall ensure that the work product  
18 and the work papers created in the performance of an engagement for a client are retained  
19 for a minimum of five (5) years after the date of issuance of the work product unless  
20 the CPA is required by law to retain such records for a longer period.

21  
22 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*  
23 *Eff. April 1, 1994;*  
24 *Amended Eff. January 1, 2006; April 1, 2003.*

1 21 NCAC 08N .0307, is amended as published in 20:04, page 216, as follows:

2

3 .0307 CPA FIRM NAMES

4 (a) Deceptive Names Prohibited. A CPA or CPA firm shall not trade upon the CPA title  
5 through use of any name that would have the capacity or tendency to deceive. The name of one  
6 or more former members of the CPA firm, as defined in 21 NCAC 8A .0301, may be included in  
7 the CPA firm name. The name of a non-CPA owner in a CPA firm name is prohibited.

8 (b) Style of Practice. It is considered misleading if a CPA firm practices under a name or style  
9 which would tend to imply the existence of a partnership or registered limited liability  
10 partnership or a professional corporation or professional limited liability company of more than  
11 one CPA shareholder or CPA member or an association when in fact there is no partnership nor  
12 is there more than one CPA shareholder or CPA member of a CPA firm. For example, no CPA  
13 firm having just one CPA owner may have as a part of its name the words "associates"  
14 "associates", "group", or "company" or their abbreviations. It is also considered misleading if a  
15 CPA renders non-attest professional services through a non-CPA firm using a name ~~that~~ which  
16 implies any non-licensees are CPAs.

17 (c) Any CPA firm that has continuously used an assumed name approved by the Board prior  
18 to April 1, 1999, may continue to use the assumed name, so long as the CPA firm is only owned  
19 by the individual practitioner, partners, or shareholders who obtained Board approval for the  
20 assumed name. A CPA firm (or a successor firm by sale, merger, or operation of law) may  
21 continue to use the surname of a retired or deceased partner or shareholder in the CPA firm's  
22 name so long as that use is not deceptive.

23

24 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*  
25 *Eff. April 1, 1994;*  
26 *Amended Eff. January 1, 2006; April 1, 1999;*  
27 *August 1, 1995.*

21 NCAC 08N .0308, is adopted as published in 20:04, page 216, as follows:

**.0308 VALUATION SERVICES STANDARDS**

(a) Standards for Valuation Services. A CPA shall not render valuation services of a business, a business ownership interest, security, or intangible asset unless the CPA has complied with the standards for valuation services.

(b) Statements on Standards for Valuation Services. The Statements on Standards for Valuation Services (including the definition of such services) issued by the AICPA, including amendments and editions, are hereby adopted by reference, as provided by G.S. 150B-21.6, and shall be considered as the approved standards for valuation services for the purposes of Paragraph (a) of this Rule.

(c) Departures. Departures from the standards listed in Paragraph (b) of this Rule must be justified by those who do not follow them.

(d) Copies of Statements. Copies of the statements on standards for valuation services may be inspected in the offices of the Board, as described in 21 NCAC 08A .0102. Copies may be obtained from the AICPA, 1211 Avenue of the Americas, New York, NY 10036 as part of the "AICPA Professional Standards." They are available at cost, which is approximately ten dollars (\$10.00) in paperback form or two hundred dollars (\$200.00) in loose leaf subscription form.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

*Eff. January 1, 2006.*

21 NCAC 08N .0401, is amended as published in 20:04, pages 216-217, with changes, as follows:

**.0401 PUBLIC RELIANCE**

The rules in this Section apply to any CPA who engages in the attest ~~or assurance services~~  
~~functions including, but not limited to audit, compilation, review, exam, forecast, and projection,~~  
as defined in 21 NCAC 8A .0301(b). CPAs who engage in such services are also subject to the SQR  
Peer Review requirements of Subchapter 8M.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

*Eff. April 1, 1994;*

*Amended Eff. January 1, 2006.*

21 NCAC 08N .0408, is amended as published in 20:04, page 217, as follows:

**.0408      QUALITY PEER REVIEW STANDARDS**

A CPA who is engaged to perform a quality peer review shall not violate the rules or standards of the quality peer review program under which the review is made or the engagement contract connected with that quality peer review.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

*Eff. April 1, 1994;*

*Amended Eff. January 1, 2006.*